

THE EMPLOYEE'S GUIDE TO RIF SEPARATION BENEFITS

**U.S. OFFICE OF
PERSONNEL
MANAGEMENT**

**WORKFORCE
RESTRUCTURING OFFICE**

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The Office of Personnel Management (OPM) created the Workforce Restructuring Office in March 1994, in response to Administration and Congressional downsizing initiatives. The Office provides assistance to agency personnelists and Federal employees on all aspects of downsizing. These areas include, but are not limited to:

- ✓ early retirements
- ✓ buyouts
- ✓ alternatives to RIF
- ✓ reorganization and delayering tools and strategies
- ✓ reductions in force and furlough procedures
- ✓ grade and pay retention, and severance pay
- ✓ unemployment compensation
- ✓ retraining programs
- ✓ inplacement and outplacement programs
- ✓ on-site technical assistance

The telephone number for the Workforce Restructuring Office is (202) 606-0960. The fax number is (202) 606-2329. To request information, please leave your name, address, and the information requested on OPM's Restructuring Hotline, (202) 606-2425.

Information on downsizing, workforce restructuring, and career transition may also be obtained from the Downsizing/RIF and Career Transition forums on OPM's Mainstreet electronic bulletin board, (202) 606-4800.



Reduction in Force Separation Benefits

There are a variety of potential benefits available to employees facing separation because of Reduction in force (RIF). The information presented in this Guide is intended to provide an overview of how RIF affects various benefits and entitlements of a Federal employee. The information is general and cannot possibly cover every circumstance. It is not necessarily applicable to each employee. If you need specific information or more details, please contact your servicing personnel office.

Compensation and Current Employee Programs



Severance Pay

Severance pay is available to a separated employee provided that the employee did not refuse an offer of a position within two grades lower than the current grade level in the same commuting area. In addition, the employee must have served at least 12 continuous months in an appointment, and not be eligible for an immediate annuity as a Federal employee or as a retired member of the armed forces, or is not receiving any type of injury compensation benefits.

Computation of Severance Pay:

An employee is entitled to 1 week's basic pay for each year of civilian service up through 10 years, and 2 weeks' basic pay for each year of creditable service over 10 years. For each year the employee is over age 40, an additional 10 percent of the basic rate of severance pay is received. The maximum is 1 year's salary, paid out at regular pay intervals. Only civilian service is creditable for severance pay. The only deductions made from severance pay are taxes, social security (if applicable), and medicare.

Severance pay computation sheets may be found at the end of this Guide. The actual calculation formula is somewhat more complicated and technical. The samples are intended to help compute the *approximate* amount of severance pay an employee may receive. To receive an actual computation, please contact your servicing personnel office.

If an employee is reemployed in a permanent position with the Federal Government or the District of Columbia, severance pay is immediately discontinued. If an employee is reemployed in the Federal Government on a temporary appointment after a break of more than 3 calendar days, severance pay will be suspended. At the termination of the temporary appointment, the unexpired portion of severance pay will be continued by the agency. If an employee accepts a temporary appointment within 3 calendar days of separation and subsequently leave that temporary job on an involuntary basis (e.g., expiration of appointment), that employee would receive a severance pay entitlement from both the time on the temporary appointment and all other creditable civilian service. Employment in the private sector has no affect on severance pay entitlement.

Unemployment Compensation

The unemployment insurance program for Federal employees is administered by the Department of Labor through State governments. States, including the District of Columbia, determine the eligibility for benefits and the amounts to be paid to unemployed individuals. The program provides a weekly income for a limited period of time. The length of time is determined by the jurisdictional State's law. A separated employee should file a claim for benefits at his or her State Employment Service office or unemployment insurance claims office. These State offices allow individuals to register for potential employment opportunities. The employee must take his or her social security card, official notice of separation or non-pay status (Standard Form 50), specific RIF notice letter, and notice about unemployment insurance (Standard Form 8).

Unused Annual Leave

All civilian employees covered by annual leave laws are entitled to receive a lump sum payment for accrued annual leave when separated from the Federal Government.

Unused Sick Leave

There is no payment for unused sick leave. However, an employee who is separated from the Federal Government is entitled to have his or her sick leave re-credited if the individual is reemployed in the Federal Government. All unused sick leave is added to the total service of an employee who is eligible for an annuity under the Civil Service Retirement System (CSRS). For a Federal Employees Retirement System (FERS) employee who switched from CSRS, unused sick leave that accrued at the time of transfer may be applied to the CSRS retirement component. Regular FERS employees cannot apply unused sick leave to total service for retirement.

Federal Employees Health Benefits Program (FEHBP)

Separated Employees Only:

After separation, an employee not eligible for an immediate annuity can continue health insurance free for 31 days. During that month and for a total period of 60 days after the separation date, the employee may elect to continue receiving benefits under FEHBP. However, the employee must pay 102 percent of the cost, and the extension of coverage lasts only 18 months. Dependents of employees may carry this coverage for up to 36 months. An employee may also convert to a private plan.

Department of Defense employees who are separated may continue enrollment for 18 months following separation. During this time the agency continues to pay its share and any additional administrative costs. Employees continue to pay their share.

Federal Employees Group Life Insurance (FEGLI) Program

Separated Employees Only:

Separated employees are covered free by FEGLI for 31 days. An employee who is separated and is not eligible for an immediate annuity may convert all or part of the life insurance to an individual policy without having to take a medical examination. The individual policy may be purchased from any eligible insurance company selected by the employee and is considered a private transaction between the employee and the company. The employee pays the entire premium of the conversion policy, and the conversion must be made within 31 days after the effective date of the separation.

Thrift Savings Plan (TSP)

Withdrawing Money:

When an employee separates from Federal service for more than 31 days, the employee is eligible to withdraw the vested TSP account balance. There are several options for withdrawal:

1. If the account balance is \$3500 or less, TSP will notify the employee and the employee's account balance will be paid to the employee automatically in a single payment, unless another withdrawal option for which the employee is eligible is chosen.

2. Because of separation from Federal service, the employee may:

- ▶ Leave it in the TSP.
- ▶ Transfer it entirely to an Individual Retirement Account (IRA) or other eligible retirement plan.
- ▶ Purchase a life annuity immediately or at a later date if the account balance is at least \$3,500.
- ▶ Receive a single payment immediately or at a later date.
- ▶ Receive a single payment and ask the TSP to transfer a portion of it to an IRA or other retirement plan.
- ▶ Receive a series of equal monthly payments beginning immediately or at a later date.
- ▶ Receive a series of equal monthly payments and ask the TSP to transfer each payment (or a portion of it) to an IRA or other eligible retirement plan if the series of payments is expected to last less than 10 years and is not based on the employee's life expectancy.

Any funds paid directly to the employee from TSP are taxable; a 10 percent penalty may be charged for early withdrawal if the employee separates before the year the employee attains age 55. Options are outlined in detail in the booklet, "Withdrawing Your TSP Account" dated March 1995. The employee will also receive all appropriate forms to exercise the withdrawal option.

Retirement Benefits

Federal employees who were first hired before January 1, 1984, are generally covered by CSRS. Most employees first hired on or after January 1, 1984, are automatically covered by FERS.

Refunds

An employee who separates from Federal employment before completing a minimum of 5 years of creditable civilian service are not eligible to receive optional or deferred annuity benefits under CSRS or FERS. An employee who receives a refund of retirement deductions under CSRS may, after reemployment with the Federal Government, repay the amount refunded plus interest so that the period of service covered by the refund may be included in the computation of annuity benefits. However, while an employee covered by FERS may also receive a refund of his or her retirement contributions, a FERS employee will not be eligible to receive annuity benefits based on the period of service covered by the refund if the employee is reemployed in

the Federal Government. There is no provision in law which permits the repayment of FERS contributions that have been refunded. A separated employee does not have to take a refund. Interest has been paid on all funds in a FERS account, while CSRS employees receive no interest for accounts more than 5 years old. Taxes have already been paid on the deductions themselves. Payment of taxes is required only on the interest earned on money in the retirement account.

Deferred Annuity

An employee who separates from the Federal service after completing at least 5 years of creditable civilian service, but before becoming eligible for an immediate annuity, is entitled to a deferred annuity at age 62 under both CSRS and FERS. Under certain conditions, a FERS employee may be eligible for a deferred annuity before age 62. An employee who is eligible for a deferred annuity may, in lieu of the annuity at a later date, receive a refund of his or her retirement deductions, provided that the employee is not eligible to receive an annuity within 31 days after filing a refund application.

Immediate Annuity (CSRS)

An employee serving under CSRS for at least 1 of the last 2 years before his or her separation is eligible for an immediate annuity if he or she meets the following minimum age and service requirements:

Optional Retirement:

- (a) Age 62 and 5 years creditable civilian service.
- (b) Age 60 and 20 years total creditable service.
- (c) Age 55 and 30 years total creditable service.

Discontinued Service Retirement:

- (a) Age 50 and 20 years total creditable service.
- (b) Any age and 25 years total creditable service.

The CSRS annuity of an employee who retires before age 55 is reduced by 2 percent for each year the employee is under age 55 at the time of retirement.

An employee is eligible for discontinued service retirement under both CSRS and FERS only if the employee is reached for an involuntary action (such as job abolishment or reassignment to a position in a different commuting area), and does not receive an offer from his or her agency of another position in the same local commuting area that is within two grades of the employee's present position.

Immediate Annuity (FERS)

An employee serving under FERS is eligible for an immediate annuity if he or she meets the following minimum age and service requirements:

Optional Retirement:

- (a) Age 62 and 5 years creditable civilian service.
- (b) Age 60 and 20 years total creditable service.
- (c) Minimum retirement age and 10 years total creditable service.

The minimum retirement age for FERS employees born before 1948 is 55, but gradually increases from 55 to 57 for employees born between 1948 and 1970. Also, the FERS annuity is reduced by 5 percent for each year the employee is under age 62. The employee can avoid the age reduction entirely by choosing as the commencing date of annuity either: 1) a date that is less than 1 full month before the employee reaches age 62 if he or she has less than 20 years of service; or 2) the first day of any month after reaching age 60 if he or she has at least 20 years of service.

Discontinued Service Retirement:

- (a) Age 50 and 20 years total creditable service.
- (b) Any age and 25 years total creditable service.

There is no annuity reduction in FERS for employees who retire on a discontinued service annuity under the age of 55. Transferees with a CSRS annuity component will have the CSRS portion of the annuity reduced by 2 percent per year if he or she is under age 55.

Reemployment Programs

For further information regarding reemployment programs, please call OPM's Restructuring Hotline on 202-606-2425 to order a free copy of the Employee's Guide to Career Transition. This guide is also available through the Career Transition Forum of OPM's MAINSTREET electronic bulletin board system on 202-606-4800.

Agency Career Transition Assistance Plans (CTAP)

On December 29, 1995, President Clinton issued an executive memorandum requiring agencies to provide additional assistance to help their surplus and displaced employees find new employment. Each agency will provide 1) services to help their employees find new

employment, either in the public or private sector, and 2) selection priority for competitive service vacancies within the agency. Questions regarding an agency's CTAP should be referred to the agency's personnel office.

Priority Placement Program (PPP)

The Priority Placement Program (PPP, or "stopper list") is a program run solely by the Department of Defense for its employees. It is the equivalent of a non-Defense agency's Career Transition Assistance Plan. Questions regarding the PPP should be referred to the nearest Department of Defense personnel office.

Reemployment Priority List (RPL)

RPL is a post-RIF program that provides separated employees first opportunity for positions within their former agency that would otherwise be filled by employees outside the agency. A separate RPL must be established for each commuting area from which eligible employees have been separated due to RIF.

An eligible employee is entitled to consideration for positions for which that employee is available providing all of the following conditions are met:

1. The employee must meet the qualification requirements for the position.
2. The position must be at no higher grade (or equivalent) and have no greater promotion potential than the position from which separated.
3. The position must have the same work schedule as the position from which separated.
4. The position must be in the same commuting area as the position from which separated.

To be eligible to apply for the RPL, an employee must: a) be serving under an appointment in the competitive service in tenure group I or II at the time of RIF separation; b) have not refused an offer of assignment to a position at the same grade or representative rate during RIF; and c) have received a performance rating above Unsatisfactory as their current annual rating. Tenure group I employees can remain on the RPL for 2 years. The time limit for tenure group II employees is 1 year.

How To Apply:

The employees applies through the servicing personnel office within 30 days after your separation.

Interagency Career Transition Assistance Plan (ICTAP)

The President's executive memorandum also required the Office of Personnel Management (OPM) to change the way placement assistance is provided to displaced Federal employees. As a result, on February 29, 1996, the Interagency Placement Program (IPP) will no longer be the mechanism OPM uses

to help employees find other Federal employment. Instead, OPM will administer a new Interagency Career Transition Assistance Plan (ICTAP) to provide placement assistance to Federal employees who lose their jobs due to downsizing.

How the ICTAP Works:

1) Agencies' competitive service vacancies are available on OPM's automated Governmentwide employment information system:

An automated telephone system - called Career America Connection (912-757-3000) - made up of a national line accessible from anywhere in the United States for both touch tone and rotary callers and 16 local systems available for a local calls in large metropolitan areas (check the blue pages under U.S. Government and look for Jobs). Service available 7 days a week x 24 hours a day. Nationwide access to TDD (telecommunications device for the deaf, 912-744-2299) is available.

The Federal Job Opportunities Board (912-757-3100) - nationwide bulletin board easily accessed with a personal computer and modem or through the Internet (Telnet to FJOB.MAIL.OPM.GOV; FTP to FTP.FJOB.MAIL. OPM.GOV; or mail to INFO@FJOB.MAIL.OPM.GOV.). An effective electronic link to the nation's campuses and to Federal agencies. Service available 7 days a week x 24 hours a day.

Job Information Touch Screens kiosks - like automated teller machines (ATMs) - providing for job searches and on-the-spot requests at Federal buildings around the country.

Full text vacancy announcements will soon be available in all these systems. People with disabilities may request materials in alternate formats.

2) When an employee sees a vacancy for which he/she is qualified, the employee would tailor the application package to show how he/she meets the specific qualification requirements of the position, attach appropriate proof of eligibility, and apply directly to the location stated on the vacancy announcement. Displaced employees must meet all the requirements stated on the vacancy announcement (e.g., closing date, area of consideration, etc.).

3) Agencies will review the displaced employee's application material. If the employee meets all of the qualification requirements of the position, is considered well-qualified for the job, and the vacancy is in the same local commuting area from which the employee was separated, agencies are required to select the displaced employee over any candidate from outside the agency.

4) Questions regarding specific vacancies and well-qualified requirements may be addressed to the specific agency that is conducting the recruitment.

Eligibility:

a. Separated by RIF: Employees who have received a specific RIF separation notice.

b. Declined Directed Reassignment/Transfer of Function: Employees who have been or are being separated because they declined a transfer of function or directed reassignment outside the commuting area.

c. Discontinued Service Retirement/Retirement in Lieu of RIF: Employees who retire in lieu of RIF (separate under the discontinued service retirement option, or retire **ON** the last day of the RIF).

Eligibility Periods: Depending on eligibility category, employees are eligible for special selection priority in other agencies for the time periods listed below:

a. Separated by RIF: 1 year after the RIF separation date.

b. Declined Directed Reassignment/Transfer of Function: 1 year after separation due to declination of reassignment or transfer of function outside the commuting area.

c. Discontinued Service Retirement/Retirement in Lieu of RIF: 1 year after separation by discontinued service retirement or retirement in lieu of RIF.

Proof of Eligibility: When applying for positions, in order to exercise selection priority, employees must attach the following proof of eligibility:

a. Separated by RIF: i) A copy of the Standard Form 50 (personnel action) stating you were separated by RIF, or ii) a copy of the RIF separation notice.

b. Declined Directed Reassignment/Transfer of Function: A copy of the Standard Form 50 indicating that the employee was separated because he/she declined a transfer of function or directed reassignment outside his/her local commuting area.

c. Discontinued Service Retirement/Retirement in Lieu of RIF: A copy of the Standard Form 50 stating that the employee retired in lieu of RIF.

Severance Pay Computation Worksheets

The following are samples for use in *estimating* the amount of severance pay. The actual calculation formula is somewhat more complicated and technical. The samples are intended to allow you to figure the *approximate* amount of severance pay you may receive. OPM is not responsible for the accuracy of the results that this worksheet may give you. IF YOU WANT AN ACCURATE CALCULATION, PLEASE CONTACT YOUR SERVICING PERSONNEL OFFICE.

Severance Pay Estimation Worksheet

line 1. Salary at time of separation = _____

line 2. Weekly Rate (line 1 divided by 52) = _____

line 3. Years of Service (see A and B below)

A. If your length of service is LESS THAN 10 years, enter your length of service on line 3a.

B. If your length of service is MORE THAN 10 years:

(1) enter your length of service: _____

(2) subtract 10 from your length of service: -10

(3) multiply the result by 2: _____

(4) add 10 to the amount listed in 3): +10

(5) enter this total on line 3a. This is the factor for your adjusted years of service and tells you APPROXIMATELY the number of weeks of severance pay you would be entitled to. _____

line 3a. Adjusted Years of Service = _____

line 4. Basic Severance Pay (multiply amount on line 2 by number on line 3--Adjusted Years of Service) = _____

line 5. Age Adjustment Factor (if your age is above 40, look your age up on the "AGE TABLE AND FACTORS" chart attached. Enter the "factor" number shown.)

Age = _____ years and _____ months. Factor = _____

line 6. Multiply line 4 by line 5 Factor = _____

* If line 6 exceeds line 1, enter amount on line 1 above.

The amount of severance pay will be \$ _____

Example of Severance Pay Estimation

line 1. Salary at time of separation = \$73,619

line 2. Weekly Rate (line 1 divided by 52) = \$1,415.75

line 3. Years of Service (see A and B below) 18

A. If your length of service is LESS THAN 10 years, enter your length of service on line 3a.

B. If your length of service is MORE THAN 10 years:

(1) enter your length of service: 18

(2) subtract 10 from your length of service: $\frac{-10}{8}$

(3) multiply the result by 2: 16

(4) add 10 to the amount listed in 3): $+10$

(5) enter this total on line 3a. This is the factor for your adjusted years of service and tells you APPROXIMATELY the number of weeks of severance pay you would be entitled to. 26

line 3a. Adjusted Years of Service = 26

line 4. Basic Severance Pay (multiply amount on line 2 by number on line 3--Adjusted Years of Service) = \$36,809.50

line 5. Age Adjustment Factor (if your age is above 40, look your age up on the "AGE TABLE AND FACTORS" chart attached. Enter the "factor" number shown.)

Age = 52 years and 0 months. Factor = 2.20

line 6. Multiply line 4 by line 5 Factor (36809.5×2.20) = \$80,980.90

* If line 6 exceeds line 1, enter amount on line 1 above.

The amount of severance pay will be \$73,619

AGE TABLE AND FACTORS

| Yrs. | Mos. | Factor | Yrs. | Mos. | Factor | Yrs. | Mos. | Factor |
|------|------|--------|------|------|--------|------|------|--------|
| 40 | 3-5 | 1.025 | 48 | 4-8 | 1.850 | 56 | 9-11 | 2.675 |
| 40 | 6-8 | 1.050 | 48 | 9-11 | 1.875 | 57 | 0-2 | 2.700 |
| 40 | 9-11 | 1.075 | 49 | 0-2 | 1.900 | 57 | 3-5 | 2.725 |
| 41 | 0-2 | 1.100 | 49 | 3-5 | 1.925 | 57 | 6-8 | 2.750 |
| 41 | 3-5 | 1.125 | 49 | 6-8 | 1.950 | 57 | 9-11 | 2.775 |
| 41 | 6-8 | 1.150 | 49 | 9-11 | 1.975 | 58 | 0-2 | 2.800 |
| 41 | 9-11 | 1.175 | 50 | 0-2 | 2.000 | 58 | 3-5 | 2.825 |
| 42 | 0-2 | 1.200 | 50 | 3-5 | 2.025 | 58 | 6-8 | 2.850 |
| 42 | 3-5 | 1.225 | 50 | 6-8 | 2.050 | 58 | 9-11 | 2.875 |
| 42 | 6-8 | 1.250 | 50 | 9-11 | 2.075 | 59 | 0-2 | 2.900 |
| 42 | 9-11 | 1.275 | 51 | 0-2 | 2.100 | 59 | 3-5 | 2.925 |
| 43 | 0-2 | 1.300 | 51 | 3-5 | 2.125 | 59 | 6-8 | 2.950 |
| 43 | 3-5 | 1.325 | 51 | 6-8 | 2.150 | 59 | 9-11 | 2.975 |
| 43 | 6-8 | 1.350 | 51 | 9-11 | 2.175 | 60 | 0-2 | 3.000 |
| 43 | 9-11 | 1.375 | 52 | 0-2 | 2.200 | 60 | 3-5 | 3.025 |
| 44 | 0-2 | 1.400 | 52 | 3-5 | 2.225 | 60 | 6-8 | 3.050 |
| 44 | 3-5 | 1.425 | 52 | 6-8 | 2.250 | 60 | 9-11 | 3.075 |
| 44 | 6-8 | 1.450 | 52 | 9-11 | 2.275 | 61 | 0-2 | 3.100 |
| 44 | 9-11 | 1.475 | 53 | 0-2 | 2.300 | 61 | 3-5 | 3.125 |
| 45 | 0-2 | 1.500 | 53 | 3-5 | 2.325 | 61 | 6-8 | 3.150 |
| 45 | 3-5 | 1.525 | 53 | 6-8 | 2.350 | 61 | 9-11 | 3.175 |
| 45 | 6-8 | 1.550 | 53 | 9-11 | 2.375 | 62 | 0-2 | 3.200 |
| 45 | 9-11 | 1.575 | 54 | 0-2 | 2.400 | 62 | 3-5 | 3.225 |
| 46 | 0-2 | 1.600 | 54 | 3-5 | 2.425 | 62 | 6-8 | 3.250 |
| 46 | 3-5 | 1.625 | 54 | 6-8 | 2.450 | 62 | 9-11 | 3.275 |
| 46 | 6-8 | 1.650 | 54 | 9-11 | 2.475 | 63 | 0-2 | 3.300 |
| 46 | 9-11 | 1.675 | 55 | 0-2 | 2.500 | 63 | 3-5 | 3.325 |
| 47 | 0-2 | 1.700 | 55 | 3-5 | 2.525 | 63 | 6-8 | 3.350 |
| 47 | 3-5 | 1.725 | 55 | 6-8 | 2.550 | 63 | 9-11 | 3.375 |
| 47 | 6-8 | 1.750 | 55 | 9-11 | 2.575 | 64 | 0-2 | 3.400 |
| 47 | 9-11 | 1.775 | 56 | 0-2 | 2.600 | 64 | 3-5 | 3.425 |
| 48 | 0-2 | 1.800 | 56 | 3-5 | 2.625 | 64 | 6-8 | 3.450 |
| 48 | 3-5 | 1.825 | 56 | 6-8 | 2.650 | 64 | 9-11 | 3.475 |